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OMAHA COMMUNITY FOUNDATION CAPACITY-BUILDING SURVEY

**Final Report
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INTRODUCTION

This final report summarizes the major findings of a Non-Profit Capacity-Building Survey conducted for the Omaha Community Foundation working in cooperation with the Non-Profit Association of the Midlands.¹ The purpose of the survey is to help determine which functional capacity-building areas (and specific activities within each) pose the greatest challenges for non-profit organizations in fulfilling their missions.

In addition to identifying the major barriers they face, the survey also asks Executive Directors or Chief Executive Officers to estimate the total dollar cost they think their agency would need to invest over the next two years to remove or adequately address them. The cost estimates include actual expenditures to acquire needed skills, training, consultants, equipment or other improvements, as well as additional staff time to build internal capacity or procure volunteers and/or donated resources.

The report also contains information obtained through brief interviews conducted at the end of March with OCF capacity-building project consultants Angela Eikenberry (AE), Carmen Bunde (CB) and Pete Tulipana (PT). OCF staff members are particularly interested in learning how survey findings compare with capacity-building “demand and supply” themes that may be emerging as the consultants interact with project participants.

SURVEY FINDINGS

Importance of Capacity-Building to Mission Fulfillment

Fundraising and Resources and **Marketing and Outreach** are the two areas identified by non-profits in the survey as the most important (and posing the greatest challenges) to the fulfillment of their missions. Table 1 shows a rank ordering of the importance of the seven (7) functional capacity-building areas based on participant responses.

Respondents were asked to identify whether specific activities (see Tables 3-9) were major barriers (1.0), minor barriers (2.0) or not a barrier (3.0) for their organization. Each activity was within one of seven capacity areas. Based on the responses for each activity, a mean score was computed for each capacity-building area. The lower the mean score, the more-important is the capacity-building area to mission fulfillment.

Table 1 also shows those areas the project consultants identified as “highest importance” in terms of capacity-building “demand or need” for services by nonprofits participating in the project.

¹ This is the second of two surveys conducted for OCF as part of their current capacity-building initiative. The initial survey was an economic profile of nonprofits added in May 2009 in response to the major financial crisis impacting service demand and funding decisions in Omaha and across the U.S.

Table 1 Importance of Capacity-Building to Mission Fulfillment

FUNCTIONAL CAPACITY-BUILDING AREAS	SCORE	CONSULTANTS
1. Fundraising and Resources	2.01	AE, CB, PT
2. Marketing and Outreach	2.01	
3. Board Governance and Internal Operations	2.17	AE, CB, PT
4. Information and Communication Technology	2.27	
5. Collaboration, Networking and Advocacy	2.37	
6. Human Resources	2.40	AE, CB, PT
7. Planning and Programming	2.48	

Capacity Building Costs

Once the major organizational barriers were identified, respondents were then asked to estimate the dollar costs necessary to remove or adequately address them. Estimates include actual expenditures to acquire needed skills or training, consultants, equipment or other improvements, as well as additional staff time required to build internal capacity or to procure volunteers and donated resources/equipment.

Board Governance and Internal Operations and **Human Resources** are the two areas that were identified by non-profits as having the highest estimated average costs to remove or address **major** organizational-capacity barriers. Table 2 shows the average estimated costs for the most-needed capacity-building activities in the seven (7) functional areas.

Table 2 Average Estimated Cost to Remove Major Organizational-Capacity Barriers

FUNCTIONAL CAPACITY-BUILDING AREAS	AVERAGE COST	CONSULTANTS
Board Governance and Internal Operations	\$29,050 ² [\$9,600 Board Gov Only]	AE, CB, PT
Human Resources	\$28,300	AE, CB, PT
Planning and Programming	\$23,150	
Fundraising and Resources	\$20,050	AE, CB, PT
Marketing and Outreach	\$17,850	
Information and Communication Technology	\$9,150	
Collaboration, Networking and Advocacy	\$9,000	

The estimated costs to address the three most important functional areas identified in the survey and by the project consultants are: **Human Resources** (\$28,300), **Fundraising and Resources** (\$20,050) and **Board Governance** (\$9,600) or a total of \$57,950.

It is interesting to note that this 2-year cost is very close to the \$64,000 amount (\$32,000 for two years) provided to each of the nonprofit agencies participating in the Lincoln, Nebraska Capacity-Building Initiative 2004-2007.³

² The Board Governance and Internal Operations capacity area includes the activities of management and improvement of facilities and space (which was by far the most expensive; see Table 3). When these costs are not included, the average cost to address major board governance barriers is about \$9,600.

³ See "Capacity Building Initiative Grant Evaluation Report," by Joyce Schmeekle, Woods Charitable Fund and Lincoln Community Foundation (2008).

Organizational Capacity-Building Challenges

In this section, the activities most frequently cited by nonprofit respondents as major organizational-capacity challenges are identified. The tables for each capacity area also show the estimated average cost, median cost and range of costs to remove or adequately address them.

Table 3 Board Governance and Internal Operations

Capacity-Building Activity	Percent Major Barrier	Average Cost	Median Cost	Cost Range
Managing/Improving Facilities or Space	44.7%	\$120,300	\$12,500	\$100 to \$500,000 ⁴
Recruiting/Cultivating/Developing Board of Directors	31.9%	\$5,250	\$2,000	\$100 to \$40,000
Training New/Current Board Members	21.7%	N/A	N/A	N/A ⁵
Instituting/Improving Organizational Culture	21.7%	\$4,350	\$2,500	\$500 to \$10,000 ⁶

Table 4 Marketing and Outreach

Capacity-Building Activity	Percent Major Barrier	Average Cost	Median Cost	Cost Range
Developing Clear Marketing Plan for Growth	42.6%	\$15,750	\$11,000	\$1,200 - \$100,000
Developing Agency Brand	40.4%	\$22,850	\$10,000	\$2,500 - \$100,000
Obtaining Expertise in Marketing Strategies	36.2%	\$25,000	\$10,000	\$1,000 - \$80,000
Strategic Outreach Planning	36.2%	\$7,450	\$3,000	\$500 - \$25,000
Community Needs Assessment	20.0%	\$29,150	\$15,000	\$5,000 - \$100,000

⁴ Researchers excluded one response of \$6,000,000 as an “outlier” which they interpreted as the costs for a major capital campaign for an entirely new facility. In future research, investigators should be more-clear about distinctions between capacity-building efforts and major capital campaigns for new facilities.

⁵ The cost question was inadvertently omitted for this activity on the questionnaire.

⁶ One non-profit estimated capacity-building costs for a minor barrier at \$50,000.

Table 5 Fundraising and Resources

Capacity-Building Activity	Percent Major Barrier	Average Cost	Median Cost	Cost Range
Expanding Donor Base	68.1%	\$32,350	\$20,000	\$600 to \$176,200
Soliciting/Accepting Planned Gifts	57.4%	\$20,500	\$6,700	\$600 to \$200,000
Building an Endowment	53.2%	\$46,850	\$15,000	\$600 to \$200,000 ⁷
Planning a Capital Campaign	37.0%	\$25,000	\$10,000	\$600 to \$80,000
Obtaining Expertise Researching/Writing Grants	36.2%	\$13,500	\$10,000	\$1,200 to \$35,000

Table 6 Planning and Programming

Capacity-Building Activity	Percent Major Barrier	Average Cost	Median Cost	Cost Range
Providing Information/Programming Non-English Speaking Clients	25.5%	\$80,700	\$15,000	\$2,000 to \$500,000
Implementing Best Practices	11.1%	\$3,000	\$2,500	\$1,600 to \$5,000
Identifying/Connecting With New Clients	10.9%	\$7,400	\$5,000	\$1,000 to \$15,000
Conducting A Program Evaluation	10.6%	\$3,900	\$5,000	\$1,000 to \$5,000

Table 7 Human Resources

Capacity-Building Activity	Percent Major Barrier	Average Cost	Median Cost	Cost Range
Increasing Salaries/Benefits	58.7%	\$83,150	\$12,500	\$1,000 to \$500,000
Recruiting/Retaining Leadership/Managerial Staff	21.7%	\$39,000	\$30,000	\$1,000 to \$150,000
Recruiting/Retaining Volunteer Staff	21.7%	\$5,350	\$3,7500	\$1,200 to \$20,000

⁷ Researchers excluded two responses of \$6,000,000 and \$2,000,000 as “outliers” which they interpreted as the costs for the actual funding of endowments. In future research, investigators should be more- clear about distinctions between capacity-building efforts to establish an endowment and the actual resources needed to fund one.

Staff Training & Professional Development	17.0%	\$20,450	\$10,500	\$1,200 to \$60,000
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Table 8 Information and Communication Technology

Capacity-Building Activity	Percent Major Barrier	Average Cost	Median Cost	Cost Range
Creating/Maintaining Website Information	26.1%	\$9,350	\$8,000	\$3,000 to \$20,000
Using Expandable Network/System Infrastructure	23.4%	\$7,550	\$8,000	\$2,500 to \$12,000
Upgrading Computers to Support New Software	19.6%	\$13,350	\$10,000	\$2,000 to \$15,000
Developing Security-Minded IT Strategy	19.6%	\$12,250	\$5,000	\$1,000 to \$50,000

Table 9 Collaboration, Networking and Advocacy

Capacity-Building Activity	Percent Major Barrier	Average Cost	Median Cost	Cost Range
Fostering Relationships w/Key Policy-makers/ Institutions	27.7%	\$4,300	\$1,600	\$100 to \$12,000
Improving Public Understanding of Policy Issues	27.7%	\$15,950	\$1,000	\$100 to \$60,000
Effectively Responding to Community Expectations	10.9%	\$12,500	\$12,500	\$10,000 to \$15,000
Participating in Key Community Collaborations	10.6%	\$10,050	\$10,000	\$100 to \$20,000

Preferred Forms of Assistance to Address Capacity Challenges

Survey participants were asked to rank various forms of assistance to address the organizational capacity challenges they face in the categories of Organizational Development, Overhead and Technical Assistance. Tables 10-12 show the preferences and mean scores for each form of assistance (lower mean scores indicate higher preference levels for the types of assistance that would best address the challenges respondents face in their agencies).

Table 10 Preferences for Organizational Development Assistance to Address Capacity Challenges

Form of Assistance	Mean Score
Funding for Fundraiser Position	1.87
Current Board Development	2.57
New Board Recruitment	2.68
Independent Evaluator to Examine Needs of Programs	2.83
Funding for IT Staff Position	2.91
Funding for Human Resource Position	2.95

Table 11 Preferences for Overhead Assistance to Address Capacity Challenges

Form of Assistance	Mean Score
General Ongoing Overhead Funding	1.51
Program Funding with Built-In Overhead	1.72
Small Grants for Specific Capacity-Building Areas	2.11
Collaborative Grants with Another Agency(s)	2.31
Development of Fees or Other Revenue	2.35

Table 12 Preferences for Technical Assistance to Address Capacity Challenges

Form of Assistance	Mean Score
Partnership with Local University	2.04
Loaned Executive to Assist with Specific Capacity Area	2.22
Joint Resource Activities with Other Agencies	2.27
Hire Consultant for Specific Capacity Area	2.33
Opportunities to Interact with and Learn From Peers	2.33
Workshops and Other Off-Site	

Training Programs		2.41
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Methodology

The sampling frame for the Nonprofit Economic Profile survey consisted of 338 agencies with valid addresses who were asked by e-mail to participate in the on-line survey. A follow-up solicitation to 370 agencies over two weeks later resulted in a total return for both of 80 completed questionnaires, a response rate of 22.6% (about double the typical response rate of 10% for e-mail-solicited on-line surveys).

Staff for UNO and OCF worked together to improve the e-mail contact list for non-profits prior to administration of the Nonprofit Capacity-Building Survey. This effort increased the sampling frame with valid addresses for the second survey to 454. Based on the larger sample size, researchers decided to send only a follow-up e-mail completion request and deadline extension a few days later, rather than a second solicitation several weeks later. This strategy resulted in a total return of 47 completed questionnaires or a response rate of 10.4%.⁸

About 100 e-mail solicitations bounced back as “undeliverable” in both distributions of the Nonprofit Economic Profile Survey and in the Capacity Building Survey. Additionally, staff were only able to update contact information for 180 (included in the second survey) of 570 nonprofits which are on “incomplete information lists” maintained by OCF and NAM. This means there are potentially 490 ($100 + [570 - 180] = 490$) additional nonprofit agencies that could be added to sampling frames in future communications or surveys.

⁸ Although it is impossible to know with certainty the reason for the decline in response rate between the two surveys, it is possible that the strategy of sending a second complete solicitation several weeks after the first is preferable to a simple reminder notice and deadline extension sent after several days. Other reasons for the decline could be that the “economic-crisis” topic of the first survey was of greater interest to recipients than the issue of capacity building. Other factors might be “survey fatigue” or confusion that the two surveys were “one in the same” on the part of recipients, or the perception that the second survey was somewhat more complex and demanding in content.